

Welfare Reform Has Reduced Poverty

Since welfare reform, the poverty rate has dropped 7 percent -- despite the 2001 recession.

- The poverty rate declined from 13.7 percent in 1996 to 12.7 percent in 2004, the most recent data available.
- African-American, Hispanic and White poverty rates have declined since 1996.

Recent declines in child poverty are especially significant.

- Child poverty declined from 20.5 percent in 1996 to 17.8 percent in 2004.
- Since welfare reform, 1.4 million fewer children are living in poverty.
- This contrasts with the dire forecasts by opponents of the 1996 law, who predicted one million more children would be in poverty if welfare reform passed.

Poverty rates have decreased throughout society.

- Approximately 700,000 African-Americans have left poverty since 1996.
- The Hispanic poverty rate has fallen 26 percent, from 29.4 percent in 1996 to 21.9 percent in 2004.
- The White poverty rate dropped from 11.2 percent in 1996 to 10.8 percent in 2004.

Poverty rates declined as more parents worked and fewer collected welfare.

- Welfare caseloads decreased by 64 percent since August 1996, from 12.2 million to 4.4 million today.
- Since 1996 women's earnings rose 27.4 percent – 21 percent faster than the 22.7 percent rise for men.

There are ways to further reduce poverty.

- Provisions promoting and supporting more work and stronger, married families are key features of welfare reforms in the *Deficit Reduction Act of 2005*.
 - A 2003 study by the Brookings Institution estimates that the poverty rate for families with children would drop 42 percent if low-income parents worked full time.
 - The Brookings' study also finds that steep declines in poverty would result if married parents headed more families.